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Apache may have struck big in West Texas

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DALLAS (AP) — A Houston driller is boasting of a big new oil and gas discovery in West Texas.

Apache Corp. believes there could be 3 billion barrels of oil and 75 trillion cubic feet of natural gas in an area it calls Alpine High.

The company announced its discovery Wednesday after two years of drilling in the largely undeveloped region.

Apache shares gained nearly 7 percent.

Apache said it's accumulated more than 300,000 acres and drilled 19 wells in Alpine High, a small part of the sweeping and energy-rich Permian Basin of Texas.

CEO John Christmann says others have mistakenly overlooked the area.

"It is a world-class resource play," Christmann said at a Barclays investor conference in New York. "This really is a giant onion that is going to take us years and years to peel back and uncover."

Christmann said the heart of the find, in Reeves County, Texas, hasn't been worked over by oil companies because the geology of the area was considered too complex.

The remote and difficult location means that the field is likely to require significant investment before achieving its potential. Apache said only nine of its 19 wells were producing oil or gas, and those are pumping limited quantities because of the poor infrastructure.

Ken Medlock, director of an energy-studies program at Rice University in Houston, said he was not surprised by a major new find in the Permian Basin. Improved technology has made it possible to tap resources that were once inaccessible, and the natural places to find energy are basins with a long history of production, he said.

Medlock said the pace of development on the Apache acreage will depend a great deal on oil prices, but activity should start soon.

Christmann said drilling at 700 locations in the region could be profitable with oil at \$50 a barrel, but it could be 3,200 locations if oil rises to \$60.

Apache shares rose \$3.46 to close at \$55.13, but at one point jumped 14 percent when news of the possible find began to surface. While up 24 percent this year, the company's shares can be bought for about half what they fetched before energy prices began to slide in mid-2014.

FILE - This Jan. 30, 2007, file photo, shows the corporate logo for Apache Corp. headquarters in Houston. After two years of drilling, Houston's Apache may have struck big in West Texas. The Houston driller announced Wednesday, Sept. 7, 2016, it may be sitting on 3 billion barrels of oil and 75 trillion cubic feet of natural gas in an area it calls Alpine High. (AP Photo/Pat Sullivan, File)

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